

EXHIBIT 2



KBC FINANCIAL PRODUCTS - INVESTMENT GUIDELINES

Each of the requirements, prohibitions, limitations, and procedures set forth in the right column of the following sections applies to the Reference Basket on a continuous basis. In the case of any failure to comply with any such requirement, prohibition, limitation, or procedure, KBCFP may, in its discretion, (i) remove the interest in each affected Hedge Fund from the Reference Basket in accordance with the Confirmation to which these Investment Guidelines are attached or (ii) apply a special haircut deemed by KBCFP to be appropriate to such interest in re-calculating the Reference Basket in accordance with Section 7.

Capitalized terms used and not otherwise defined in these Investment Guidelines have the meanings set forth in the Confirmation to which these Investment Guidelines are attached or in the glossary beginning on page 14. The headings and brief descriptions in the two left columns of the following sections are included for convenience of reference only and shall not affect the meaning of these Investment Guidelines.

1 GENERAL

1.1

*Eligibility criteria
for Hedge Funds.*

- Limited partnership, limited liability company, etc.
- Not having any pending legal proceeding.
- Permissibility of investments by "Restricted Persons".
- Each Hedge Fund must (i) not be organized under the laws of any state or territory of the United States and (ii) provide limited liability to its investors.
- To the knowledge of Counterparty or KBCFP, no Hedge Fund may have pending or threatened against it or any general partner, managing member or investment manager of such Hedge Fund any proceeding by any person, including without limitation any governmental or regulatory body or agency, that may adversely affect such Hedge Fund.
- Each Hedge Fund must permit investments by "Restricted Persons" within the meaning of the New Issues Rule.

1.2

Adjustment of

- Right to adjust
- If, at any time, KBCFP in its sole and absolute discretion determines that

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*Reference Basket
or haircut.*

Reference Basket
or apply special
haircut to certain
interests.

- (i) the value or liquidity of any interest in a Hedge Fund is materially impaired,
- (ii) a Hedge Fund has suffered an unusual drawdown,
- (iii) a Hedge Fund has suffered a significant reduction in Assets Under Management,
- (iv) the leverage employed by a Hedge Fund is unduly or unusually high,
- (v) due to legal or regulatory issues, KBCFP is prohibited from subscribing to, or maintaining an interest in, a Hedge Fund,
- (vi) the administrator of a Hedge Fund does not satisfactorily discharge its responsibilities or is otherwise not (or no longer) acceptable to KBCFP,
- (vii) KBCFP becomes aware of any other adverse developments or information with respect to a Hedge Fund, its Fund Manager, its administrator or its trading practices, or
- (viii) KBCFP could suffer any losses, claims, damages, or liabilities as a result of maintaining an interest in a Hedge Fund,

then, in each such case, KBCFP may, in its sole and absolute discretion,

- a) remove such Hedge Fund from the Reference Basket in accordance with the Confirmation to which these Investment Guidelines are attached, or
- b) apply a special haircut deemed by KBCFP to be appropriate to the Hedge Fund Investment Value of such Hedge Fund.

- Application of haircut under certain circumstances or upon certain events.

Without limiting the generality of the foregoing, the following minimum haircuts will be applied to the Hedge Fund Investment Value of any Hedge Fund under the circumstances or upon the occurrence of any of the events (as determined by KBCFP in its sole and absolute discretion) set out below in relation to such Hedge Fund:

Circumstance or Event	Minimum Haircut
Bankruptcy (within the meaning of section 5(a)(vii) of the Agreement)	100%



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Suspension of redemptions, suspension of calculation of net asset value, suspension of or delay or default in redemption payment, imposition of gate, or any announcement or other action in furtherance of any of the foregoing	90%
Following a PIPEs strategy	50%
Investing in real estate or real estate related products	40%
Hedge Fund is advised by same investment advisor/investment manager as Buyer	66.6%

KBCFP may in its sole and absolute discretion increase the minimum haircuts set out in the table above by giving at least 30 days' prior written notice to the Counterparty.

2 CONCENTRATION

2.1

Maximum interests in Hedge Funds.

- No consolidation for accounting purposes by KBCFP.
- Limit interest in any single Hedge Fund.
- The Reference Basket may not include an interest in a particular Hedge Fund if inclusion of such interest would require KBCFP or any of its Affiliates to consolidate such Hedge Fund for accounting purposes.
- To the extent that the Hedge Fund Investment Value with respect to any particular Hedge Fund exceeds 20% of the aggregate Assets Under Management of such Hedge Fund, a haircut determined in accordance with Section 7.1.3 will be applied to such interest.

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3 DIVERSIFICATION

3.1

Minimum number of Hedge Funds.

- Diversify portfolio across minimum number of Hedge Funds.
- The Reference Basket shall include interests in an “**Effective Number of Funds**” equal to or greater than 20.

Where:

$$\text{Effective Number of Funds} = \frac{1}{\sum_{n=1}^N \left(\frac{\text{Hedge Fund Investment Value}_n}{\text{Reference Basket aggregate Net Asset Value}} \right)^2}$$

Where: N = Total Number of Hedge Funds in Reference Basket

3.2

Diversification of portfolio.

- Maximum exposure to any one Hedge Fund.
- To the extent that the Hedge Fund Investment Value of a particular Hedge Fund is equal to or greater than 10% of the aggregate Net Asset Value of the Reference Basket, a haircut determined in accordance with Section 7.1.5 will be applied to such Hedge Fund Investment Value.

4 LIQUIDITY

4.1

Liquidity Haircut

- Base Trigger and Maximum Trigger as a function of Liquidity of Hedge Funds.
- The “**Liquidity Haircut**” referred to in Section 7.1.10 shall be equal to the reciprocal of the sum of the decimal values corresponding to the percentages that:
 - a) each actual percentage of the Strike Price determined in accordance with the left column of the table below represents of
 - b) the corresponding target percentage specified in the right column of the table below



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(provided that (i) such percentage shall not be greater than 100% and (ii) for purposes of calculating such sum, the decimal value related to the first row of the table below shall be multiplied by 1.75) .

Actual Percentage of Strike Price	Target Percentage
Aggregate Hedge Fund Investment Value of all Hedge Funds providing for Liquidity of 75 days or less (for example, monthly (30-day) Liquidity with a 45-day notice period), as a percentage of the Strike Price.	75%
Aggregate Hedge Fund Investment Value of all Hedge Funds providing for Liquidity of 150 days or less (for example, quarterly (90-day) Liquidity with a 60-day notice period), as a percentage of the Strike Price.	90%
Aggregate Hedge Fund Investment Value of all Hedge Funds providing for Liquidity of 180 days or less (for example, quarterly (90-day) Liquidity with a 90-day notice period), as a percentage of the Strike Price.	100%
Aggregate Hedge Fund Investment Value of all Hedge Funds providing for Liquidity of 455 days or less (for example, annual (365-day) Liquidity with a 90-day notice period), as a percentage of the Strike Price.	100%

5 INVESTMENT STRATEGIES

5.1

Prohibition of certain Hedge Fund strategies.

- Prohibited strategies.
- The Reference Basket shall not include interests in any Hedge Funds representing strategies related to mutual fund timing or any other strategies or activities from time to time determined to be ineligible by KBCFP in its sole and absolute discretion.



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5.2

*Strategy
concentration
limits.*

- Maximum limits by strategy.
- To the extent that the aggregate Hedge Fund Investment Value with respect to Hedge Funds representing any particular strategy specified below represents more than the corresponding maximum percentage specified below of the aggregate Net Asset Value of the Reference Basket, a haircut determined in accordance with Section 7.1.7 will be applied to such interests.

Relative Value Strategies

- Convertible Arbitrage 25%
- Fixed Income Arbitrage 25%
- Equity Market Neutral 25%
- Credit Arbitrage/Capital Structure Arbitrage 25%

Event Driven

- Merger Arbitrage 25%
- Distressed & High Yield 25%
- Event Driven Multi-Strategy 25%

Opportunistic

- Emerging Market 10%
- Macro 25%
- Dedicated Short Bias 25%
- Long/Short Equity 35%
- Managed Futures/CTA 25%

Loans/Trade Finance 15%

Multi-Strategy 25%

Harley International (Cayman) Limited 15%

Multi-Manager

As determined from time to time by
KBCFP in its sole and absolute
discretion



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<i>PIPEs</i>	As determined from time to time by KBCFP in its sole and absolute discretion
<i>Life Settlements</i>	As determined from time to time by KBCFP in its sole and absolute discretion
<i>Real Estate</i>	As determined from time to time by KBCFP in its sole and absolute discretion
<i>Others</i>	As determined from time to time by KBCFP in its sole and absolute discretion

The classification of each Hedge Fund's strategy for the purpose of determining compliance with the requirements in this Section 5 shall be determined by KBCFP in its sole and absolute discretion.

6 VOLATILITY LIMIT

6.1

Calculation of Volatility.

12-week and 12-month Volatility of the Reference Basket.

The Volatility of the Net Asset Value of the Reference Basket will be calculated on a weekly basis according to following formula:

$$\text{Volatility} = \sqrt{52} \times \sqrt{\left(\frac{\sum_{w=1}^{w=12} (R_w - R_A)^2}{11} \right)}$$

The Volatility of the Net Asset Value of the Reference Basket will be calculated on a monthly basis according to following formula:



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$$\text{Volatility} = \sqrt{12} \times \sqrt{\left(\sum_{M=1}^{M=12} \frac{(R_M - R_B)^2}{11} \right)}$$

$$\text{Where: } R_W = \log\left(\frac{NAV_W}{NAV_{W-1}}\right) \text{ and } R_M = \log\left(\frac{NAV_M}{NAV_{M-1}}\right)$$

NAV_W = The weekly estimate of the aggregate Net Asset Value of the Reference Basket in respect of the week specified by the value of W (see below).

W = The specified week denoted by a value between 1 and 12 where 12 shall indicate the most recent week for which the Net Asset Value of the Reference Basket has been calculated.

NAV_M = The monthly estimate of the aggregate Net Asset Value of the Reference Basket in respect of the month specified by the value of M (see below).

M = The specified month denoted by a value between 1 and 12 where 12 shall indicate the most recent month for which the Net Asset Value of the Reference Basket has been calculated

$$R_A = \sum_{w=1}^{w=12} R_w / 12 \text{ and } R_B = \sum_{M=1}^{M=12} R_M / 12$$

The reference to “log” in the formula above shall be construed as the “natural logarithm of”.

In determining the Net Asset Value of the Reference Basket for purposes of the foregoing calculations, the Calculation Agent shall use both actual and estimated data.

7 HAIRCUTS

7.1

Haircut calculation procedure.

The Total Reference Basket Haircut Percentage shall be determined on the basis of the following haircut calculations, in the order indicated below, with (i) the steps described in Sections 7.1.1, 7.1.2, 7.1.3, 7.1.5, 7.1.7, 7.1.8 and 7.1.9 determined for each Hedge Fund and (ii) the steps described in Sections 7.1.4, 7.1.6 and 7.1.10 determined with respect to the entire Reference Basket.

Any Hedge Fund to which a special haircut is applied in accordance with Section 1.2 is equal to 100% shall not be included



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in the Reference Basket when applying the haircut calculations set forth in Sections 7.1.1 to 7.1.7.

7.1.1

Base Haircut calculation.

Base Haircut = Hedge Fund Investment Value x applicable percentage from table below.

The applicable percentage for the purpose of determining the Base Haircut for a particular Hedge Fund shall be derived from the following table, interpolating linearly where necessary:

Volatility	Liquidity									
	45	75	90	120	150	180	270	365	455	545
10%	7.02%	9.07%	9.93%	11.47%	12.82%	14.04%	20.00%	30.00%	66.67%	90.00%
15%	13.17%	17.00%	18.62%	21.50%	24.04%	26.33%	32.25%	37.50%	72.50%	90.00%
20%	17.56%	22.66%	24.83%	28.67%	32.05%	35.11%	43.00%	50.00%	76.67%	90.00%
25%	21.95%	28.33%	31.04%	35.84%	40.07%	43.89%	53.75%	62.50%	80.83%	90.00%
40%	35.11%	45.33%	49.66%	57.34%	64.11%	70.22%	80.00%	80.00%	86.67%	90.00%
>40%	52.67%	67.99%	74.48%	80.00%	80.00%	80.00%	80.00%	80.00%	86.67%	90.00%

For purposes of the table above, “**Volatility**” means the 12-month volatility of the relevant Hedge Fund, determined by KBCFP on a rolling 12-month basis, except that

- (i) any Hedge Fund with Assets Under Management of more than \$20 million and a track record of less than 12 months shall be deemed to have a Volatility equal to 1.5 times the 12-month volatility representative of alternative investment funds representing the same strategy as such Hedge Fund, as determined by KBCFP in its sole and absolute discretion,
- (i) any Hedge Fund with Assets Under Management of less than or equal to \$20 million and a track record of 12 months or more shall be deemed to have a Volatility equal to the greater of:
 - a) 25%, and
 - b) the 12-month volatility of such Hedge Fund, determined by KBCFP on a rolling 12-month basis,
- (ii) any Hedge Fund with Assets Under Management of less than or equal to \$20 million and a track record of less



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than 12 months shall be deemed to have a Volatility equal to the greater of:

- a) 25%, and
- b) 2.5 times the 12-month volatility representative of alternative investment funds representing the same strategy as such Hedge Fund, as determined by KBCFP in its sole and absolute discretion, and

(iii) any Hedge Fund with a 12-month volatility of less than 10% will be deemed to have a Volatility equal to 10%.

The applicable percentage for the purpose of determining the Base Haircut for any Hedge Fund providing for Liquidity of more than 545 days shall be 90%.

7.1.2

*Redemption Fee
Haircut calculation.*

Redemption Fee Haircut = (Hedge Fund Investment Value – Base Haircut) x Redemption Fee Haircut Percentage

The “**Redemption Fee Haircut Percentage**” for a particular Hedge Fund shall be the percentage corresponding to the following fraction:

$$\text{Redemption Fee Haircut Percentage} = \frac{\text{Aggregate fees related to any immediate redemption of Hedge Fund interest}}{\text{Hedge Fund Investment Value}}$$

7.1.3

*Exposure to Total
Fund AUM Haircut
calculation.*

Exposure to Total Fund AUM Haircut = Assets Under Management_{Hedge Fund n} x Applicable Percentage from table below x Excess Percentage of AUM

The applicable percentage for determining the Exposure to Total Fund AUM Haircut for a particular Hedge Fund shall be derived from the following table, with each percentage specified below applied to the corresponding portion of the interest in such Hedge Fund included in the Reference Basket (e.g., in the case of a Hedge Fund with a Hedge Fund Investment Value after Base Haircut and Redemption Fee Haircut that constitutes 45% of such Hedge Fund’s Assets Under Management, the applicable percentage will be 100% and the Excess Percentage of AUM will be 15%):

Percentage of AUM	Applicable Percentage	Excess Percentage of AUM
< 20%	0%	0%
20 – 40%	50%	Max (0, Min[20%, Percentage of AUM – 20%])



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> 40%

100%

Max (0, Percentage of AUM – 40%) + 10%

The “**Percentage of AUM**” for a particular Hedge Fund shall be the percentage corresponding to the following fraction:

$$\text{Percentage of AUM} = \frac{\text{Hedge Fund Value}_{n \text{ Haircut}}}{\text{Assets Under Management}_{\text{Hedge Fund } n}}$$

Hedge Fund Value_{n Haircut} = Hedge Fund Investment Value - Base Haircut - Redemption Fee Haircut

7.1.4

*Reference Basket
re-calculation 1.*

The entire Reference Basket is now re-calculated in accordance with the following formula:

$$\text{Reference Basket}_{\text{Haircut}} = \sum_{n=1}^N \text{Hedge Fund Value}_{n \text{ Haircut } 1} \quad \text{Where } N = \text{number of Hedge Funds in Reference Basket}$$

Hedge Fund Value_{n Haircut 1} = Hedge Fund Value_{n Haircut} - Exposure to Total Fund AUM Haircut

If the calculation of Hedge Fund Value_{n Haircut} in accordance with the preceding formula yields a negative result, such value shall be deemed to be zero for purposes of determining the Reference Basket_{Haircut}.

7.1.5

*Hedge Fund
Concentration
Haircut calculation.*

Hedge Fund Concentration Haircut = Reference Basket_{Haircut} x Applicable Percentage from table below x Excess Hedge Fund Weighting

The applicable percentage for the purpose of determining the Hedge Fund Concentration Haircut for a particular Hedge Fund (other than Harley International (Cayman) Limited) shall be derived from the following table, with each percentage specified below applied to the corresponding portion of the interest in such Hedge Fund included in the Reference Basket (e.g., in the case of a Hedge Fund with a Hedge Fund Weighting of 15%, the applicable percentage will be 50% and the Excess Hedge Fund Weighting will be 5%):

Hedge Fund Weighting	Applicable Percentage	Excess Hedge Fund Weighting
< 10%	0%	0%



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10 – 20%	50%	Max (0, Min[10%, Hedge Fund Weighting – 10%])
> 20%	100%	Max (0, Hedge Fund Weighting – 20%) + 5%

The “**Hedge Fund Weighting**” for a particular Hedge Fund shall be the percentage corresponding to the following fraction:

$$\text{Hedge Fund Weighting} = \frac{\text{Hedge Fund Value}_{n \text{ Haircut } 1}}{\text{Reference Basket}_{\text{Haircut}}}$$

For the purpose of determining the Hedge Fund Weighting, any two or more Hedge Funds shall be treated as one single Hedge Fund if such Hedge Funds are:

- o separate currency or similar strategy classes managed or advised by the same Fund Manager; and/or
- o part of the same master-feeder structure.

The applicable percentage for the purpose of determining the Hedge Fund Concentration Haircut for Harley International (Cayman) Limited shall be derived from the following table, with each percentage specified below applied to the corresponding portion of the interest in Harley International (Cayman) Limited included in the Reference Basket:

Hedge Fund Weighting	Applicable Percentage	Excess Hedge Fund Weighting
< 15%	0%	0%
> 15%	100%	Max (0, Hedge Fund Weighting – 15%)

7.1.6

Reference Basket re-calculation 2

The entire Reference Basket is now re-calculated in accordance with the following formula:

$$\text{Reference Basket}_{\text{Haircut } 2} = \sum_{n=1}^N \text{Hedge Fund Value}_{n \text{ Haircut } 2}$$

Where N = number of Hedge Funds in the Reference Basket

$$\text{Hedge Fund Value}_{n \text{ Haircut } 2} = \text{Hedge Fund Value}_{n \text{ Haircut } 1} - \text{Hedge Fund Concentration Haircut}$$

If the calculation of Hedge Fund Value_{n Haircut 2} in accordance with the preceding formula yields a negative result, such value shall be deemed to be zero for purposes of determining the Reference Basket_{Haircut 2}.



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7.1.7

*Excess Strategy
Concentration
Haircut calculation*

Excess Strategy Concentration Haircut = Hedge Fund Value_{n Haircut 2} × Excess Strategy Concentration Haircut Percentage

$$\text{Excess Strategy Concentration Haircut Percentage} = \text{MAX} \left[0, \left\{ \frac{\text{Strategy Allocation in Reference Basket}_{\text{Haircut 2}} - \left(\frac{\text{Reference Basket}_{\text{Haircut 2}} \times \text{Strategy Concentration Limit}}{\text{Strategy Allocation in Reference Basket}_{\text{Haircut 2}}} \right)}{\text{Strategy Allocation in Reference Basket}_{\text{Haircut 2}}} \right\} \times 50\% \right]$$

For purposes of the formula above: (i) “**Strategy Allocation in Reference Basket_{Haircut 2}**” means the aggregate Hedge Fund Investment Value with respect to Hedge Funds included in the Reference Basket re-calculated in accordance with Section 7.1.6 that represent the same strategy as the Hedge Fund for which the Excess Strategy Concentration Haircut is determined; and (ii) “**Strategy Concentration Limit**” means the maximum percentage for such strategy specified in the table in Section 5.2.

7.1.8

*Hedge Fund Total
Haircut calculation.*

The “**Hedge Fund Total Haircut**” is the total haircut applied to each Hedge Fund interest included in the Reference Basket, determined as follows:

$$\text{Hedge Fund Total Haircut} = \text{MAX} \left[\begin{array}{l} (\text{Base Haircut} + \text{Redemption Fee Haircut} + \text{Exposure to Total Fund AUM Haircut}) \\ + \text{Fund Concentration Haircut} + \text{Excess Strategy Concentration Haircut}, \\ \text{any special haircut applied in accordance with Section 1.2} \end{array} \right]$$

7.1.9

*Haircut Hedge
Fund Value
calculation.*

The “**Haircut Hedge Fund Value**” is the value of a particular Hedge Fund interest included in the Reference Basket after the relevant Hedge Fund Total Haircut has been applied, as follows:

$$\text{Haircut Hedge Fund Value} = \text{MAX}(0, \text{Hedge Fund Investment Value} - \text{Hedge Fund Total Haircut})$$



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7.1.10

Total Reference Basket Haircut Percentage calculation.

The “**Total Reference Basket Haircut Percentage**” is the total haircut, expressed in percentage terms, applied to the Reference Basket in its entirety, as follows:

$$\text{Total Reference Basket Haircut Percentage} = \frac{\text{Reference Basket Total Haircut}}{\text{Aggregate Net Asset Value of Reference Basket}} \times 100$$

$$\text{ReferenceBasketTotalHaircut} = \text{MAX}[\text{FactorHaircut}, \text{Top ThreeFundManagerHedgeFundInvestment Value}, \text{LiquidityHaircut}]$$

Where:

$$\text{Factor Haircut} = \left(\sum_{n=1}^N \text{Hedge Fund Total Haircut}_n \right)$$

Top Three Fund Manager Hedge Fund Investment Value = aggregate Hedge Fund Investment Value with respect to those Hedge Funds that are advised or managed by any of the three Fund Managers (including Affiliates) that advise or manage Hedge Funds representing the largest percentages of the aggregate Net Asset Value of the Reference Basket.

8 GLOSSARY

“**Affiliate**” means, with respect to any Entity, any other Entity who, directly or indirectly, controls, is controlled by, or is under common control with, such first Entity. For this purpose, “control” means ownership of a majority of voting power.

“**Assets Under Management**” means, with respect to any Hedge Fund, the aggregate amount of assets held by such Hedge Fund, as determined in good faith by KBCFP based on the latest available information regarding such assets.

“**Entity**” means any association, partnership, limited liability company, joint venture, trust, corporation, or company.

“**Fund Manager**” means the general partner, managing member or investment manager of a Hedge Fund.



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“Hedge Fund” means any alternative investment fund (including any managed account of such funds, any special purpose vehicle designed for exposure to such funds, and any form of synthetic exposure to such funds) a Permitted Interest in which is included in the Reference Basket at the time of determination.

“Hedge Fund Investment Value” means the Net Asset Value of an interest in a particular Hedge Fund, expressed in USD (or converted into USD at the prevailing exchange rate on the day of conversion, as determined by Calculation Agent).

“Liquidity” means, with respect to any Hedge Fund, the maximum number of days which can elapse, pursuant to the documentation governing such Hedge Fund, between a date on which a redemption request can be submitted and the first date on which the related redemption may be executed, taking into account the applicable notice period and any hard lock-up period (for as long as it applies).

“Permitted Interests” means, with respect to any Hedge Fund, any shares or membership or partnership interests in such Hedge Fund which are, when purchased, fully paid and non-assessable.

“Total Number of Hedge Funds” means the number of separate Hedge Funds in the Reference Basket. For the purpose of calculating the “Total Number of Hedge Funds,” an investment in two or more Permitted Interests having the following characteristics shall be considered an investment in the same Hedge Fund:

- separate currency classes or series of the same Hedge Fund;
- similar strategy classes managed by the same Fund Manager; or
- Hedge Funds that are part of the same master-feeder structure.

